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C O N F I D E N T I A L SECTION 01 OF 03 NEW DELHI 002530

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SUBJECT: INDIA-RUSSIA CIVILIAN NUCLEAR DEAL DOMINATES
ANNUAL SUMMIT

Classified By: Political Minister-Counselor Uzra Zeya for reasons 1.4 (B,D)

¶1. (U) SUMMARY: During an annual India-Russia summit on December 6-8 in Moscow, Prime Minister Singh and President Medvedev inked six bilateral agreements that included a civil nuclear deal and pacts focused on military relations, cultural exchanges, and trade. The joint statement was warm in tone and addressed cooperation on a broad range of global issues. Indian media coverage of the visit and results was glowing, as was the strategic community's reaction. The Indo-Russian civil nuclear deal, which GOI and Russian Embassy sources told us was initialed but not signed in Moscow, was characterized by the media as "better" than the U.S.-India Civil Nuclear Cooperation Agreement because it guaranteed reprocessing rights and fuel supplies for the life of the reactors. While Indian strategic and media pundits celebrated the relationship and the nuclear deal, Russian diplomats in New Delhi privately downplayed the hoopla as an Indian effort to gain leverage with other partners, sharing that their agreement was "no better" than the Indo-U.S. agreement. END SUMMARY.

Meetings and Agreements

¶2. (U) According to External Affairs Minister Krishna's statement on the visit, President Medvedev hosted PM Singh for dinner at his dacha and met with him the following day at the Kremlin. That meeting was followed by delegation-level talks. Singh also met with Prime Minister Putin. Together, they addressed the India-Russia CEOs Council Meeting.

¶3. (U) The "Agreement on Cooperation in the Use of Atomic Energy for Peaceful Purposes" allows four additional reactors to be built in Kudankulum, Tamil Nadu. India also offered Russia an additional reactor site in Haripur, West Bengal. According to enthusiastic press reports and academic contacts, the agreement "goes far beyond the U.S.-India 123 agreement" by including reprocessing rights that can not be suspended for any reason, guaranteed fuel supplies for the life of the reactors, and unspecified provisions for transfer of enrichment and reprocessing technology. Foreign Secretary Krishna in his statement to the media on the PM's visit stated that the nuclear deal "includes provisions which are

in common with other agreements such as the application of IAEA safeguards, retransfer mechanism, and non-interference in our unsafeguarded programme" (Note: full text of Krishna's statement available at <http://meaindia.nic.in/>). The other bilateral agreements included three agreements on defense cooperation: a Program for Military and Technical Cooperation (MTC); an After Sales Support Agreement for Russian arms and military equipment sold to India; and an agreement on Cooperation in Development and Production of Multi-Role Transport Aircraft. Also announced were a Program of Cultural Exchanges and a Dollar Credit Line Agreement between Russia's Vnesheconombank (Bank for Development and Foreign Economic Affairs) and EXIM Bank of India that will finance export of Indian equipment, technology, goods and services to Russia.

¶4. (U) The joint statement underlined mutual support for regional peace and stability, a common commitment to verifiable elimination of nuclear weapons, and Russia's support for India's full membership in the Shanghai Cooperation Organization (SCO) and in the Asia-Pacific Economic Cooperation (APEC). It highlighted the efficacy of the multilateral formats of the Brazil-Russia-India-China (BRIC) and Russia-India-China (RIC) formats in "strengthening and balancing" the international system. Russia also called India a "strong and deserving candidate" for a permanent seat on the UNSC (Note: Full text of the joint statement available at <http://meaindia.nic.in/>).

Positive Local Reaction

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¶5. (C) The Indo-Russian Civil Nuclear Agreement garnered most of the headlines from the visit in the Indian press, with stories sourced to the GOI claiming that the Russian Agreement was much less restrictive than the U.S.-Indian Civil Nuclear Cooperation Agreement. An Australian colleague related to us that retired Indian Ambassadors Lalit Mansingh and G. Parthasarthy told the Australians that "123 was good, the French deal was better, but this is the best." Indian MEA Deputy Secretary (Eurasia) for Russia Nikhilesh Giri confirmed that the nuclear agreement had been initialed but not signed during the Moscow summit. He would not specify what procedures remained before the agreement could be finalized, but emphasized that the language had been agreed upon. Giri characterized the visit as very substantive in terms of its nature and content and the agreements produced. In EAM Krishna's December 16 statement to the Parliament on the PM's visit, he declared that "it is clear from the outcomes of the visit that the relationship has indeed risen to a higher plane." Jawaharlal Nehru Professor Sanjay Pandey told us that because of their long-standing good relations, the GOI trusts Russia to uphold its promise to supply fuel for the life of the reactors, even under political pressure. As precedent, he cited Russia's delivery, despite objections by the international community, of cryogenic engines to India for use in space launches in the late 1990's.

The Russian Perspective from Delhi

¶6. (C) The Russian Embassy's Political Counselor, Valeriy Khodzhaev, told us that the Indians had gone out of their way to hype the nuclear agreement in an attempt to gain leverage with their other partners. Khodzhaev confirmed that the agreement was not actually signed in Moscow, but was initialed and that a signing would likely take place when Prime Minister Putin visits India sometime in 2010. He would not disclose which issues were outstanding. Khodzhaev stressed that on transfers of enrichment and reprocessing (ENR), Russia "would act in a manner strictly consistent with its international obligations" and asserted that the Russian agreement was "no better" than the U.S. agreement. An article in the December 18 Hindu seems to support that view. Sourced to Indian and Russian officials, the article provides

a detailed look at the final negotiations on the agreement, and underlines the Russians made clear that a G-8 decision limiting transfers of ENR technology to non-NPT states was a limitation on Russian action. Khodzhaev was interested in the status of liability legislation in the Indian Parliament and confessed that he had not received guidance from Moscow about whether liability protection was an issue for Russia's RosAtom.

¶7. (C) Khodzhaev went on to complain about how difficult the Indians had been as a negotiating partner, particularly on military sales, but would not be drawn out on this issue. He did note that the Russians were disappointed with the assignment of an additional reactor site in politically unstable West Bengal (Note: West Bengal has been dominated for the past thirty years by the Communist Party, which now faces a serious challenge from the regional Trinamool Congress Party led by firebrand Railways Minister Mamata Banerjee). Khodzhaev joked that the GOI must have assumed that Russia among all the international partners would face the fewest problems in the Communist Party dominated state, but he expected serious difficulties in trying to acquire land for a Russian reactor park, regardless of who was in power. He said the GOR fully expected that party activists of many stripes would try to extort money from the Russians by rallying local people against the construction. He added wistfully that the U.S. had been lucky to receive reactors parks in Andhra Pradesh and Gujarat. This disappointment was reflected in the Hindu article as well, which noted that Nikolay Spasskiy, Deputy Head of Rosatom, was told it would

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not be safe to visit the West Bengal site because of the likelihood of protests.

¶8. (C) COMMENT: In inevitable comparisons between the Russian summit and PM Singh's earlier visit to Washington, at least some Indian commentators are characterizing the Washington visit as long on gesture and short on substance while portraying the Russian visit as more than adequate on both counts. The positive reaction toward Russia's civil nuclear deal helps Russia stay in the spotlight as India's trusted partner as it seeks to expand cooperation at Kudankulam, though it does face an uphill climb in West Bengal. END COMMENT.

ROEMER